The Government have taken a number of measures to improve tax realization, which include rationalization of tariff structure, simplification of procedures, widening of the tax base, realization of arrears, and speedy disposal of the pending cases.

Fraud in Oriental Bank of Commerce, Panipat

3734. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether a fraud was reported in Oriental Bank of Commerce, Panipat regarding their letter of credit No. 253/99 for US $285000/-;

(b) whether it is a fact that the bank failed to handle documents properly and acted negligently by not pointing out the major discrepancies in the L/C and also misrepresented the facts before appropriate authority;

(c) if so, the reasons for making haste payment on forged documents and putting a huge loss to Government; and

(d) the steps taken by the Government against bank officials for their negligent act?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) No Sir. Oriental Bank of Commerce has reported that an import LC for USD 285000/ was opened by Panipat Branch on 26.8.1999. The documents under LC were received from Abu Dhabi Commercial Bank, UAE. The branch pointed out certain discrepancies in the documents to the negotiating bank and contacted the applicant who accepted all the deficiencies in the documents in writing and indicated the same may be conveyed to the beneficiary bank. The bill of exchange accepting the documents with all the discrepancies was subsequently signed and the acceptance was conveyed to the foreign negotiating bank. However, before the due date 25.11.1999 the principal debtor filed a

case and the Court of Civil Judge, Panipat restrained the bank from making payment to the beneficiary. On appeal the Additional District Judge vacated the stay which was again challenged. The litigation between the beneficiary and principal debtor continued and on 7.3.2002 the High Court, Chandigarh passed an order in favour of beneficiary. Since the stay was vacated by the High Court the negotiating bank sought payment of the LC and the amount of US$ 285000 was paid on 26.3.2002. There was no negligence on the part of the bank officials and payment was made after the review petition filed by the applicant was also dismissed by the court.

Accuisition of M/s Jessop and Co. Ltd.

3735. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Corporation Bank Officer's Organisation affiliated to AIBOC has submitted a memoranda to C.M.D. Corporation Bank regarding acquisition of M/s Jessop and Co. Ltd. by a private bidder whose account is at present NPA of Rs. 11 crore with Corporation Bank;

(b) if so, whether Government are taking any action to prohibit NPA borrower to bid for public sector banks without clearing its NPA dues; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) and (c) Information is being collected and to the extent available will be furnished.